

Contents

A Message from the Secretary of the Treasury	1
Management's Discussion and Analysis.....	3
General Accounting Office Report	
Comptroller General's Statement	29
Auditor's Report.....	37
Financial Statements	
Statements of Net Cost.....	58
Statements of Operations and Changes in Net Position.....	59
Reconciliations of Net Operating Cost and Unified Budget Deficit.....	60
Statements of Changes in Cash Balance from Unified Budget and Other Activities	61
Balance Sheets.....	62
Stewardship Information (Unaudited)	
Stewardship Responsibilities	63
Statements of Social Insurance	63
Notes to the Statements of Social Insurance.....	65
Social Security and Medicare	65
Railroad Retirement, Black Lung, and Unemployment Insurance	86
Stewardship Assets.....	94
Stewardship Land	94
Heritage Assets.....	95
Collection-Type Heritage Assets	95
Natural Heritage Assets	95
Cultural Heritage Assets.....	96
Stewardship Investments	96
Non-Federal Physical Property	96
Human Capital	97
Research and Development	97
Notes to the Financial Statements	
Note 1. Summary of Significant Accounting Policies	99
Note 2. Cash and Other Monetary Assets.....	103
Note 3. Accounts Receivable, Net.....	105
Note 4. Loans Receivable and Loan Guarantee Liabilities, Net	105
Note 5. Taxes Receivable, Net	109
Note 6. Inventories and Related Property, Net	109
Note 7. Property, Plant, and Equipment, Net	110
Note 8. Other Assets.....	112
Note 9. Accounts Payable.....	113
Note 10. Federal Debt Securities Held by the Public and Accrued Interest	113
Note 11. Federal Employee and Veteran Benefits Payable	115
Note 12. Environmental and Disposal Liabilities	120
Note 13. Benefits Due and Payable	122
Note 14. Other Liabilities	123
Note 15. Collections and Refunds of Federal Revenue	124
Note 16. Unreconciled Transactions Affecting the Change in Net Position.....	126
Note 17. Change in Accounting Principle and Prior Period Adjustments	127
Note 18. Contingent Liabilities	128
Note 19. Commitments	129

Note 20. Dedicated Collections	131
Note 21. Indian Trust Funds	135
Note 22. Subsequent Event/Medicare Prescription Drug Benefits (Unaudited)	136

Supplemental Information (Unaudited)

Deferred Maintenance	137
Unexpended Budget Authority	138
Tax Burden	138
Other Claims for Refunds.....	139

Appendix

Significant Government Entities Included and Excluded from the Financial Statements.....	141
---	-----

List of Social Insurance Charts

Chart 1	Beneficiaries per 100 Covered Workers, 1970-2077	71
Chart 2	OASDI Income (Excluding Interest) and Expenditures, 1970-2077	72
Chart 3	OASDI Income (Excluding Interest) and Expenditures as a Percent of Taxable Payroll, 1970-2077	73
Chart 4	OASDI Income (Excluding Interest) and Expenditures as a Percent of GDP, 1970-2077	74
Chart 5	Total Medicare (HI and SMI) Expenditures and Noninterest Income as a Percent of GDP, 1970-2077	76
Chart 6	Medicare Part A Income (Excluding Interest) and Expenditures, 1970-2077	77
Chart 7	Medicare Part A Income (Excluding Interest) and Expenditures as a Percent of Taxable Payroll, 1970-2077	78
Chart 8	Medicare Part A Income (Excluding Interest) and Expenditures as a Percent of GDP, 1970-2077	79
Chart 9	Medicare Part B Premium Income and Expenditures, 1970-2077	80
Chart 10	Medicare Part B Premium Income and Expenditures as a Percent of GDP, 1970-2077	81
Chart 11	Estimated Railroad Retirement Income (Excluding Interest and Financial Interchange Income) and Expenditures, 2003-2077	87
Chart 12	Estimated Black Lung Total Cash Outflow, Inflow, and Outflow Before Interest, 2004-2040	89
Chart 13	Estimated Unemployment Fund Cashflow Using Expected Economic Conditions, 2004-2013	91
Chart 14	Estimated Unemployment Fund Cashflow Using a Mild Recessionary Unemployment Rate, 2004-2013	91
Chart 15	Estimated Unemployment Fund Cashflow Using a Deep Recessionary Unemployment Rate, 2004-2013	92
Chart 16	Unemployment Trust Fund Solvency as of September 30, 2003	93